

Appendix C
Weston Hatco Natural Resources Damages Settlement Agreement

**IN THE MATTER OF
THE HATCO SITE
PROGRAM INTEREST NO. G000003943
AND HATCO CORPORATION; W.R.
GRACE & CO; W.R. GRACE & CO.-
CONN.; REMEDIUM GROUP, INC.; and
WESTON SOLUTIONS, INC.**

**NATURAL RESOURCE DAMAGES
SETTLEMENT AGREEMENT**

The New Jersey Department of Environmental Protection and the Administrator of the Spill Compensation Fund (jointly, the "Department") enter into this NRD Settlement Agreement pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection by N.J.S.A. 13:1D-1 through -19 and the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 through 23.24, and duly delegated to the Assistant Commissioner, Natural and Historic Resources pursuant to N.J.S.A. 13:1B-4.

FINDINGS

1. The site that is the subject of this NRD Settlement Agreement is presently owned by Hatco Corporation, is located at 1020 King Georges Post Road, Fords, New Jersey and is designated as Blocks 60 and 67, Lots 100A and 1B1 on the Tax Map of the Township of Woodbridge, Middlesex County, New Jersey. For purposes of this NRD Settlement Agreement, the site shall include all other areas where any hazardous substance discharged there has become located (collectively, "the Site").
2. Hatco Corporation ("Hatco"), incorporated in the State of New Jersey, with its principal offices at 1020 King Georges Post Road, Fords, New Jersey, has agreed to enter into this NRD Settlement Agreement.
3. W.R. Grace & Co.-Conn., incorporated in the State of Connecticut, with its principal offices at 7500 Grace Drive, Columbia, Maryland, has agreed to enter into this NRD Settlement Agreement.
4. W.R. Grace & Co., incorporated in the State of Delaware, with its principal offices at 7500 Grace Drive, Columbia, Maryland, has agreed to enter into this NRD Settlement Agreement.
5. Remedium Group, Inc., a subsidiary of W.R. Grace & Co., (together with W.R. Grace & Co.-Conn. and W.R. Grace & Co., "Grace"), incorporated in the State of Delaware, with its principal offices at 6401 Poplar Avenue, Suite 301, Memphis, Tennessee, has agreed to enter into this NRD Settlement Agreement.
6. Weston Solutions, Inc. ("Weston"), incorporated in the Commonwealth of Pennsylvania, with its principal offices at 1400 Weston Way, West Chester, Pennsylvania, has agreed to enter into this NRD Settlement Agreement.

7. Weston is to conduct the cleanup and removal of discharges at the Site pursuant to an administrative consent order to be executed by Weston and ACE American Insurance Company (the "ACO").

8. Hatco and Grace have conducted a baseline ecological evaluation of the Site and reported the results of that evaluation to the Department in a report titled Remedial Action Workplan, Hatco Corporation Site, Fords, New Jersey, Volume 4 of 21, Appendix H, which Hatco and Grace submitted to the Department on March 29, 2001. Hatco and Grace concluded that an ecological risk assessment was not necessary at the Site because all three prongs of the baseline ecological evaluation were not present.

9. Hatco and Grace have completed a remedial investigation of contaminated ground water at the Site and reported the results of that assessment to the Department in a report titled Remedial Action Workplan, Hatco Corporation Site, Fords, New Jersey, Volumes 2 and 3 of 21, Appendix D, which Hatco and Grace submitted to the Department on March 21, 2001.

10. Hatco and Grace have reported to the Department the contaminants of ecological concern that have been discharged at the Site in the Remedial Action Workplan, Hatco Corporation Site, Fords, New Jersey, submitted to the Department on March 21, 2001.

11. As the trustee of all of the natural resources within the jurisdiction of New Jersey for the benefit of its citizens, the Department of Environmental Protection alleges that the discharge of hazardous substances at the Site has injured and continues to injure natural resources and the economic and ecologic services that they provide. These injured natural resources include: ground water, surface water, soil, and wetlands.

12. By entering into this NRD Settlement Agreement, Hatco, Grace, or Weston neither admits nor denies any of the findings of the Department. This NRD Settlement Agreement shall not constitute, or be interpreted or used as an admission of fault, liability, law or fact, nor shall it be admissible in any proceeding as such, except only to the limited extent necessary to enforce the provisions of this NRD Settlement Agreement.

ORDER

I. Settlement of Natural Resource Damages

13. In settlement of the Department's claim for natural resource damages resulting from discharges that occurred at the Site prior to the date of this NRD Settlement Agreement, Weston, on behalf of itself, Grace and Hatco, agrees to pay \$607,668.44 to Conservation Resources Inc. ("CRI") to fund the purchase of real property, as described below, for open space in accordance with the agreement between and among CRI, Grace, Hatco and Weston dated April 7, 2005. The real property is located within the Raritan River watershed on Fairview Road, Montgomery Township, also known as Block 2001, Lot 15, on the tax map of Montgomery Township, and is featured in CRI's Western Piedmont/Sourlands Geographic Fund. In addition, Weston, on behalf of itself, Grace and Hatco, agrees to pay NJDEP administrative costs in the amount of \$5,000 related to the negotiation and execution of this NRD

settlement. Provided the Department does not withdraw its execution of this NRD Settlement Agreement pursuant to Paragraph 20 herein, the payments to CRI and NJDEP will be made within 10 calendar days of the Effective Date of the ACO.

II. Release

14. "Natural resource damages," as used in this NRD Settlement Agreement, includes any and all claims and causes of action, arising from discharges of hazardous substances that occurred at the Site prior to the date of this NRD Settlement Agreement, for lost use or value of, injury to, or destruction of natural resources including but not limited to claims for assessments, penalties, attorney's, consultant's or expert fees, interest, or any other expenses or compensation, injunctive relief, punitive damages and administrative remedies, recoverable as natural resource damages under the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Oil Pollution Act, 33 U.S.C. §§ 2701 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq., the Spill Compensation and Control Act, N.J.S.A. 58:10-23.1.1 through 23.24, or any other state or federal common law, statute, or regulation; provided, however, that natural resource damages shall not include either: (i) compliance, during the cleanup of such discharge, with any statutory or regulatory requirement that is not within this definition of natural resource damages, for example, without limitation, the mitigation of freshwater wetlands as required by N.J.A.C. 7:7A, or (ii) the restoration or other compensation for injury to natural resources caused after the date of this NRD Settlement Agreement by implementation of any remedial action, including a compensatory restoration remedial action, for the Site.

15. "Natural resources" includes all land, fish, shellfish, wildlife, biota, air, waters and other such resources owned, managed, held in trust or otherwise controlled by the State of New Jersey.

16. Within 10 calendar days after receipt of notice from Weston or CRI that the payment required by Paragraph 13 of this NRD Settlement Agreement has been made, the New Jersey Department of Environmental Protection and the Administrator of the Spill Compensation Fund shall issue the attached Release to Hatco, Grace, and Weston, consistent with this NRD Settlement Agreement, that fully and forever releases, and covenants not to sue or otherwise take administrative action against, Hatco, Grace, and Weston and their past and present subsidiaries and predecessors and their officers, directors, employees, and agents (collectively, the "Releasees"), for any and all of the Department's claims and causes of action for natural resource damages as a result of the known discharges at the Site prior to the date of this NRD Settlement Agreement. This release shall not extend, however, to any officer, director, employee, or agent that has liability for natural resource damages as a result of discharges at the Site other than in that person's relationship as an officer, director, or employee of, or agent to, Hatco, Grace, or Weston as described in this Paragraph.

III. Contribution Protection

17. It is the intent of the Department and Hatco, Grace, and Weston that this NRD Settlement Agreement constitutes an administratively approved settlement within the meaning of 42 U.S.C. § 9613(f)2 and for the purpose of providing protection from contribution actions or claims for natural resource damages as a result of a discharge at the Site.

18. It is the further intent of the Department and Hatco, Grace, and Weston that by entering into this NRD Settlement Agreement, the Releasees shall be protected to the greatest extent possible

from any contribution claim a third party may assert to the extent the claim arises from any judgment entered in favor of the Department in any civil or administrative action the Department brings to recover for damages or injuries to natural resources at the Site. The Department further agrees that the obligation described in Paragraph 13, above, satisfies the Releasees' full and fair share of any claim or cause of action the Department has for natural resource damages. The Department further agrees that the release in this NRD Settlement Agreement does not discharge any other potentially liable persons, but such NRD Settlement Agreement does reduce the potential liability of the others by the amount of the payments. Further, the Department agrees that it will not oppose any motion or application by the Releasees in any subsequent action in which the Releasees seek the contribution protection that this NRD Settlement Agreement is intended to provide. The Department agrees that it will require, in any future settlement that it reaches with any other person or entity regarding natural resource damages as a result of the discharges at the Site, a provision that such person or entity will not seek and thereby waives all rights of contribution from the Releasees for the natural resource damage liability settled thereunder.

19. Within 20 calendar days after the effective date of this NRD Settlement Agreement, Weston agrees to publish legal notices in three newspapers of general circulation in the area of the Site for a period of not less than three days and the Department agrees to arrange for the publication of a notice in the New Jersey Register, each giving notice to the public that the New Jersey Department of Environmental Protection, the Administrator of the Spill Compensation Fund and Hatco, Grace, and Weston have entered into this NRD Settlement Agreement, that a copy of this NRD Settlement Agreement is available for inspection via the Internet at Woodbridge Public Library, Fords Branch, 211 Ford Avenue, Fords, NJ or the main office of the Department in Trenton, New Jersey, and on the Department's Internet site at www.nj.gov/dep/onrr/settlements, and that objections to, or comments on, the entry of this NRD Settlement Agreement should be submitted to the Department within 30 calendar days after the date of the first publication in any of these notices.

20. The Department reserves the right to withdraw its execution of this NRD Settlement Agreement if the comments or objections regarding the NRD Settlement Agreement disclose facts or considerations that indicate to the Department, in its sole discretion, that the NRD Settlement Agreement is inappropriate, improper, or inadequate; provided, however, that the Department will, if it deems appropriate, exercise its right to withdraw its execution of this NRD Settlement Agreement no later than four calendar days after the end of the comment period described in the preceding Paragraph. Hatco, Grace, and Weston consent to the entry of this NRD Settlement Agreement without further notice. In the event the Department withdraws from this NRD Settlement Agreement pursuant to this Paragraph, this NRD Settlement Agreement shall be null and void, and all obligations herein shall be extinguished.

IV. General Provisions

21. If Hatco, Grace, or Weston fails to fulfill the obligation described in Paragraph 13, above, the Department reserves its right to terminate this NRD Settlement Agreement, withdraw its offer to settle the natural resource damages in this case, and pursue other enforcement actions.

22. Nothing in this NRD Settlement Agreement, including the Department's issuance of a covenant not to sue as described in Paragraph 16, above, shall impact Weston's obligation to remediate the discharges at the Site pursuant to the Technical Requirements for Site

Remediation, N.J.A.C. 7:26E. The Department expressly reserves the right to require remediation of all discharges at the Site.

23. Hatco, Grace, and Weston agree to comply with this NRD Settlement Agreement, which shall be fully enforceable as an Order in the New Jersey Superior Court pursuant to the Department's statutory authority.

24. No modification or waiver of this NRD Settlement Agreement shall be valid except by written amendment to this NRD Settlement Agreement duly executed by Hatco, Grace, Weston, and the Department.

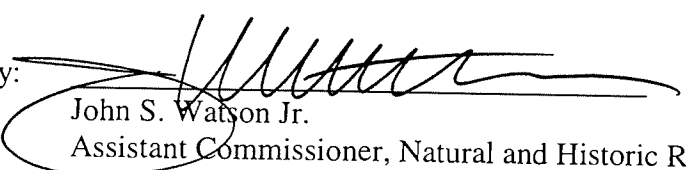
25. Hatco, Grace, and Weston waive their rights to an administrative hearing concerning the entry of this NRD Settlement Agreement.

26. This NRD Settlement Agreement shall be governed and interpreted under the laws of the State of New Jersey.

27. This NRD Settlement Agreement shall be effective upon the execution of this Settlement Agreement by the Department and Hatco, Grace, and Weston.


Date: 4-8-05

By:


John S. Watson Jr.
Assistant Commissioner, Natural and Historic Resources
New Jersey Department of Environmental Protection

Date: 4-11-2005

By:


Leonard Romino
Spill Fund Administrator

Date:

By:

Patrick G. McCann
President and Chief Executive Officer
Weston Solutions, Inc.

Date:

By:

William J. Buccine
Senior Vice President and Chief Financial Officer
Hatco Corporation

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John S. Watson
Assistant Commissioner, Natural and Historic Resources
New Jersey Department of Environmental Protection

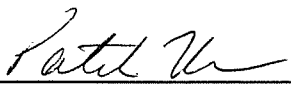
Date:

By:

Leonard Romino
Spill Fund Administrator

Date:

By:



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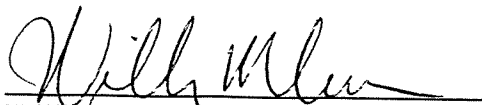
By:


William J. Buccine
Senior Vice President and Chief Financial Officer
Hatco Corporation

Date:

4/8/05

By:



William M. Corcoran

Vice President, Public & Regulatory Affairs

W.R. Grace & Co.

Date:

4/8/05

By:



William M. Corcoran

Vice President, Public & Regulatory Affairs

W.R. Grace & Co.-Conn.

Date:

By:



Robert J. Medler

Director

Remedium Group, Inc.

Date:

By:

William M. Corcoran
Vice President, Public & Regulatory Affairs
W.R. Grace & Co.

Date:

By:

William M. Corcoran
Vice President, Public & Regulatory Affairs
W.R. Grace & Co.-Conn.

Date:

4/8/05

By:

Robert J. Medler
Robert J. Medler
Director
Remedium Group, Inc.

IN THE MATTER OF
THE HATCO SITE
PROGRAM INTEREST NO. G000003943
AND
HATCO CORPORATION; W.R. GRACE & CO.;
W.R. GRACE & CO.-CONN.; REMEDIUM
GROUP, INC.; WESTON SOLUTIONS, INC.

NATURAL RESOURCE DAMAGES
RELEASE

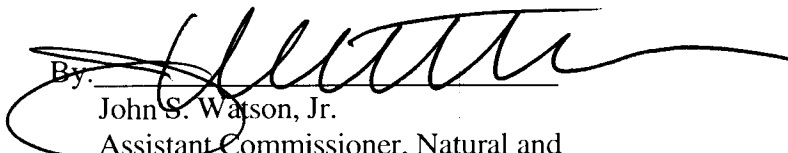
1. The site that is the subject of this Natural Resource Damages Release is located at 1020 King Georges Post Road, Fords, New Jersey, and is designated as Blocks 60 and 67, Lots 100A and 1B1 on the tax map of the Township of Woodbridge, Middlesex County, New Jersey (the "Property"), and includes all other areas where any hazardous substance discharged on the Property has migrated to (collectively, "the Site").
2. Hatco Corporation ("Hatco") is a corporation, incorporated in the State of New Jersey, with its principal offices at 1020 King Georges Post Road, Fords, New Jersey.
3. W.R. Grace & Co. is a corporation, incorporated in the State of Delaware, with its principal offices at 7500 Grace Drive, Columbia, Maryland.
4. W.R. Grace & Co.-Conn., a subsidiary of W.R. Grace & Co., is a corporation, incorporated in the State of Connecticut, with its principal offices at 7500 Grace Drive, Columbia, Maryland.
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6. Weston Solutions, Inc. ("Weston") is a corporation, incorporated in the Commonwealth of Pennsylvania, with its principal offices at 1400 Weston Way, West Chester, Pennsylvania.
7. On April 7, 2005, the New Jersey Department of Environmental Protection, the Administrator of the Spill Compensation Fund and Hatco, Grace, and Weston executed a NRD Settlement Agreement to resolve potential natural resource damage liability to the State of New Jersey as described therein.
8. Hatco, Grace, and Weston have complied with Paragraph 13 of the April 7, 2005 NRD Settlement Agreement.
9. "Natural Resource Damages," as used in this Natural Resource Damages Release, includes any and all claims and causes of action, arising from discharges of hazardous substances that occurred at the Site prior to the date of the NRD Settlement Agreement, for the lost use or value of, injury to, or destruction of natural resources including but not limited to claims for assessments, penalties, attorney's, consultant's or expert fees, interest, or any other expenses or compensation, injunctive relief, punitive damages and administrative remedies, recoverable as

natural resource damages under the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Oil Pollution Act, 33 U.S.C. §§ 2701 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq., the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., or any other state or federal common law, statute, or regulation; provided, however, that Natural Resource Damages shall not include either: (i) compliance, during the cleanup of such discharge, with any statutory or regulatory requirement that is not within this definition of Natural Resource Damages, for example, without limitation, the mitigation of freshwater wetlands as required by N.J.A.C. 7:7A, or (ii) the restoration or other compensation for injury to natural resources caused after the date of the NRD Settlement Agreement by implementation of any remedial action, including a compensatory restoration remedial action, for the Site.

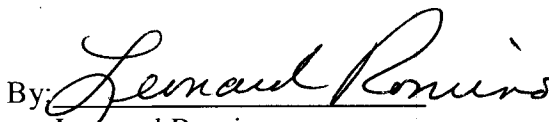
10. "Natural resources," as used in this Natural Resource Damages Release, includes all land, fish, shellfish, wildlife, biota, air, waters and other such resources owned, managed, held in trust or otherwise controlled by the State of New Jersey.

11. The New Jersey Department of Environmental Protection and the Administrator of the Spill Compensation Fund fully and forever release, and covenant not to sue or otherwise take administrative action against, Hatco, Grace, and Weston and their past and present subsidiaries and predecessors and their officers, directors, employees, and agents, for any and all of the New Jersey Department of Environmental Protection's and the Spill Fund's claims and causes of action for Natural Resource Damages.

Date: 5/16/05

By: 
John S. Watson, Jr.
Assistant Commissioner, Natural and
Historic Resources
New Jersey Department of Environmental Protection

Date: 5/12/05

By: 
Leonard Romino
Spill Fund Administrator
New Jersey Department of Environmental Protection